

AMENDATORY ENDORSEMENT CALIFORNIA

1. Under Common Policy Conditions, Cancellation is deleted and replaced by the following:

Cancellation and Nonrenewal -- "You" may cancel this policy by returning the policy to "us" or by giving "us" written notice and stating at what future date coverage is to stop.

"We" may cancel this policy or one or more of its parts by delivering or mailing written notice to the producer of record and to "your" mailing address last known to "us". The notice will state the date that the cancellation is effective. The notice will also include the reason for cancellation, or it will advise "you" that the specific reason for cancellation will be provided if "you" make a written request for this information within 90 business days of the date "our" notice is mailed or delivered to "you". If you make such written request, "we" will provide the reasons in writing within 21 business days of "our" receipt of "your" written request.

- a. If this policy has been in effect for 60 days or less, "we" may cancel for any reason. "We" will give "you" notice at least ten days before cancellation is effective.
- b. If this policy has been in effect for more than 60 days, or if it is a renewal of a policy issued by "us", "we" may cancel only for one or more of the following reasons:
- 1) the premium has not been paid when due;
 - 2) a judgment by a court or an administrative tribunal that "you" have violated a law of this state or the United States involving an act that materially increases a hazard insured against;

- 3) discovery of fraud or material misrepresentation committed by:

- a) a person insured under this coverage or his or her representative in obtaining this insurance; or
- b) "you" or "your" representative in pursuing a claim under this policy;

- 4) discovery of willful or grossly negligent acts or omissions, or of violations of state laws or regulations establishing safety standards by "you" or "your" representative, that materially increase a hazard insured against;

- 5) failure by "you" or "your" representative to implement reasonable loss control requirements to which "you" agreed as a condition of the issuance of this policy, or which were required in order to qualify for a particular rate or rating plan, if the failure materially increases a hazard insured against;

- 6) a determination by the Insurance Commissioner that loss of, or changes in, "our" reinsurance would threaten "our" financial integrity or solvency;

- 7) a determination by the Insurance Commissioner that a continuation of this policy would place "us" in violation of the law or that continuation of coverage would threaten "our" solvency; or

- 8) a change made by "you" or "your" representative in the activities or property which results in a materially added, increased, or changed hazard that is not included in the policy.

If the premium has not been paid when due or if fraud is discovered, "we" will give "you" notice at least ten days before cancellation is effective. If "we" cancel this policy for any other reason, "we" will give "you" notice at least 30 days before cancellation is effective.

"Your" return premium, if any, will be calculated according to "our" rules. It will be refunded to "you" with the cancellation notice or within 80 business days of cancellation unless this policy is subject to audit. If this policy is subject to audit, it will be refunded to "you" within 80 business days of the date "you" provide all information needed to conduct an audit. Payment or tender of the unearned premium is not a condition of cancellation.

- c. "We" may elect not to renew or continue this policy by delivering or mailing written notice to the producer of record and to "your" mailing address shown in the policy.

"We" will give "you" notice at least 60 days, but not more than 120 days, before the expiration or anniversary date. The notice will include the reason for "our" action.

"We" will give "you" the same number of days notice if "we" offer to renew this policy subject to a reduction of "limits", elimination of coverages, an increase in deductibles, or an increase of more than 25% in the rate upon which the premium is based.

"We" are not required to send a notice of nonrenewal if:

- 1) this policy is transferred to or renewed by another insurer in "our" insurance group without changing policy "terms" or the rate on which the premium is based;
- 2) the policy has been extended for 90 days or less after notice was given in accordance with the requirements of this condition;
- 3) "you" have obtained replacement coverage or have agreed in writing to obtain replacement coverage within 60 days of the termination of this policy;
- 4) this policy was issued for a term of 60 days or less and "you" were notified when the policy was issued that it would not be renewed;
- 5) "you" request a change in "terms" or hazards covered within 60 days of the end of the policy period; or
- 6) in accordance with the requirements of this condition, "we" have made a written offer to renew the policy with changed "terms" or at a change to the rate on which the premium is based.

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